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FROM :

FAX NO. : 6307366029

Aug. 04 2003 10:36PM P1



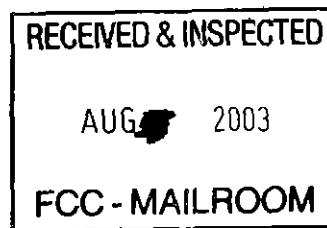
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August 1, 2003

Schools And Library Division
Box 125 - Correspondence Unit
80 South Jefferson Road
Whippany, NJ. 07981

RE: Appeal of Commitment Adjustment
CC DOCKET # 96-45 and 97-21
Santa Maria Addolorata
Funding Year 2000-2001
Form. 471 Application # 188526
FRN: 408834



On June 4, 2003, the Schools And Library Division rescinded in full it's funding commitment decision for Santa Maria Addolorata and cited the following:

1. An unfair competitive advantage was given to Educational Computing Solutions;
2. That the service provider allowed the school to pay 1 percent rather than the appropriate 10 percent ; and
3. Santa Maria Addolorata could not verify that the bid from Educational Computing Solutions was the most cost effective.

At this time we would like to appeal the decision of the Schools And Library Division and the findings of the USAC auditors. We further contend that neither Educational Computing Solutions nor Santa Maria Addolorata violated the competitive bidding process by providing an unfair competitive advantage; nor did Educational Computing Solutions allow Santa Maria Addolorata to pay less than it's 10 percent portion. Therefore, the funding commitment

should be restored in full.

In the auditor's report of June 4, 2003, it was noted that the "...service provider proposal." stated that Santa Maria Addolorata was only to pay only 1 percent of it's 10 percent portion. **SEE Attached Item A** The auditors contended that during the bidding process Educational Computing Solutions did allow Santa Maria Addolorata to pay 1 percent as opposed to the required 10 percent. Thereby, violating the competitive bidding process and giving Educational Computing Solutions an unfair competitive advantage. This decision was based on the following:

Waive applicant's undiscounted portion

"... it is a violation of Program rules for the Service Provider to waive the applicant's undiscounted portion or otherwise not require payment. If Schools And Library Division becomes aware of such a situation it can result in denial of funding, reduction of funding or cancellation of funding (commitment adjustment) and may also result in the Service Provider being subjected to enforcement action."

We are contending that during the bidding process Educational Computing Solutions did not verbally, in writing, via E-mail, in it's bid (Proposal), nor other wise imply that Santa Maria Addolorata could pay less than it's prescribed 10 percent. To substantiate this claim please refer to **Attached Item A** the alleged "... service provider proposal." We would direct your attention to the upper right hand corner, just above the letter head. Please note the date and time stamp, and also, the date at which this fax was sent " **Jan. 19, 2000 02:37 PM**" and to the left of that please note the phone number from which this fax was sent. (Educational Computing Solutions) "**847-781-8720**".

On 02/09/1999 Santa Maria Addolorata posted their Form 470, and 28 days after that began accepting bids (03/09/1999). **SEE Attached Item B** The bidding process was concluded on 10/10/1999 and at that time the contract for internal connections was awarded to Educational Computing Solutions. **SEE Attached Item C**. This fax / service provider proposal was sent in excess of three months after the bidding process had concluded. Additionally, the text of this letter does not support the auditors' claim that it is a "... service provider proposal." The letter states, "We would like to thank you for selecting Educational Computing Solutions (ECS) for your networking and computing needs."

The auditor's report also alleged that Educational Computing Solutions allowed the Santa Maria Addolorata to pay 1 percent rather than the appropriate 10 percent. To dispute this

claim we would like to provide the following:

1. A copy of the original quote / bid , which clearly shows the amount that the Schools and Library Division was responsible for, and the portion the school was responsible for . **See Attached Item D**

2 The final invoice for wiring which reflects the amount due less the school's 10 percent. **See Attached item E**

3 The contract for funding year 1999 (FRN 290293) which also reflects the school's 10 percent portion and the associated cancelled check for that 10 percent. Educational Computing has always invoiced Santa Maria Addolorata for their 10 percent portion as prescribed by SLD guidelines, and has always been paid. **See Attached item F1&F2**

With regard to the fax of 01/19/00 , Santa Maria Addolorata was to be invoiced for ten payments of \$706.17, with the first payment due prior to the start of any work, the first payment was made. **See Attached Exhibit G1** During the same time Educational Computing Solutions began upgrading their computer system, when the upgrade was complete Santa Maria Addolorata sent a final invoice for the services performed. **See Attached item E** However, our system showed that they had paid in full (\$7,061 70), and we closed their file.

The above mentioned was presented to the original auditors on February 25, 2003, and we also requested the auditors recommendations to resolve this matter. We were informed that they would need to consult with their supervisors, and at that time a decision would be made. On March 25, 2003, Educational Computing Solutions and Santa Maria Addolorata were directed to make payment arrangements and correct any discrepancies. **See Attached item H and I.**

It wasn't until Mrs. Okudaira went on maternity leave, and this case was transferred twice to various auditors who: 1 had no access to the above mentioned documentation; 2. were not aware of the original auditors' findings, nor the arrangements which had been made; 3. had absolutely no communications with Educational Computing Solutions nor Santa Maria Addolorata. We feel that it was this break down in communication, and the subsequent misinterpretation of the documents submitted which resulted in the auditors letter of June 4, 2003.

We are therefore, contending that the USAC auditors erred in their findings. The final invoice for wiring and the Quote / Bid submitted to Santa Maria Addolorata clearly show that the

school was to pay 10 percent as prescribed. Additionally, there was an assumption that the fax sent on 01/19/00 was part of the bidding process, it was not. Based on a preponderance of the evidence we further content that the SLD has failed to show that Santa Maria Addolorata gave an unfair competitive advantage to Educational Computing Solutions. Nor did Educational Computing Solutions allow the school to pay 1 percent rather than the appropriate 10 percent.

Finally, the auditors report of June 4, 2003 stated Santa Maria Addolorata could not verify that the bid from Educational Computing Solutions was the most cost effective.

Because of the novelty of the E-Rate program in 1999, very few vendors participated in , nor were aware of this program. Subsequently, many schools did not received responses from their 470 applications. Santa Maria Addolorata posted their 470 form on March 09, 1999 through October 10, 1999 and received only two responses for internal connections.

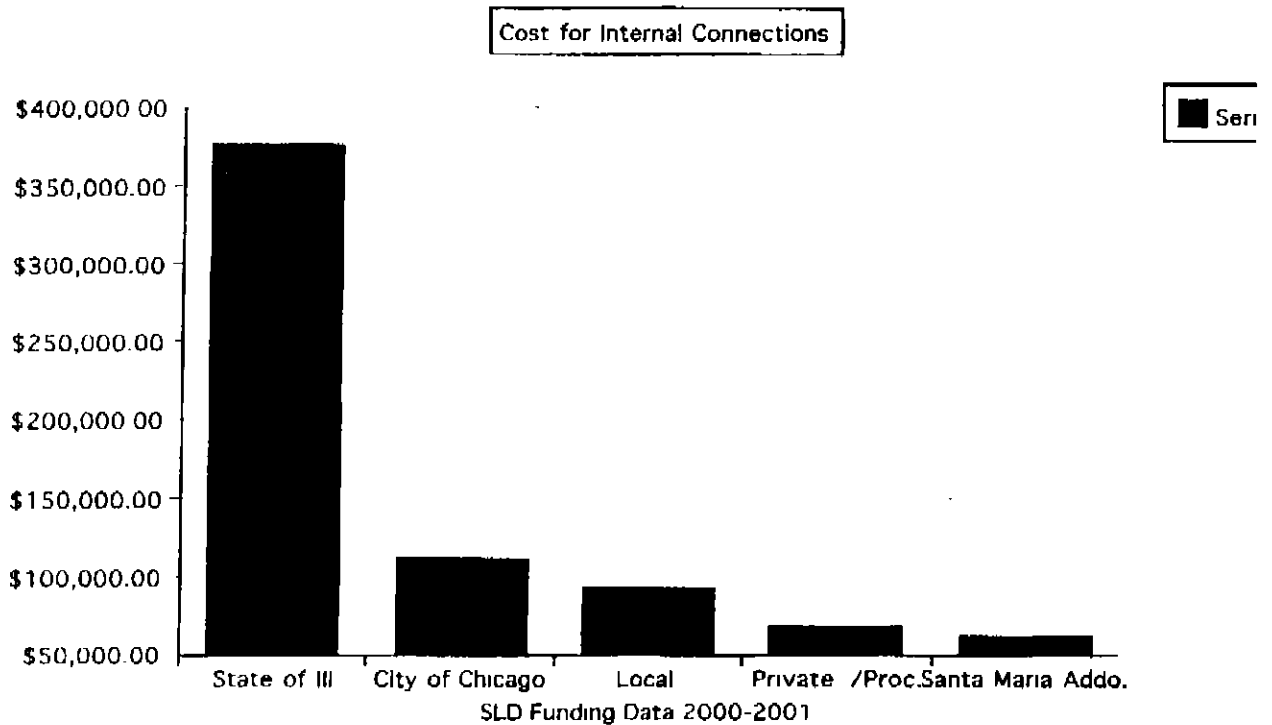
First, Mrs. Veth stated to the original auditors that in fact she had received phone calls from vendors interested in internet access. However, there were only two vendors who response to the 470 request for internal connections, one of which was Educational Computing Solutions. The other vendor that did respond offered Mrs. Veth the option for "Grants" and "Stipends" to pay Santa Maria Addolorata's 10 percent she declined their offer, and subsequently never heard from this vendor again.

Second, although Santa Maria did not have three bids as was noted by the original auditors, this is not to say that Educational Computing Solutions was not the most cost effective. To support this claim we cite the Schools And Library Funding data for 2000-2001 **See Attached Item J & Item K**

Internal Connections Funded in the State of Illinois (2000)

	City of Chicago	Private /Proc.	Local 60622	State of Ill.
Median	\$62,205.77	\$62,205.77	\$62,205.77	\$20,445.48
Mode	\$61k - 68K	\$61k - 68K	N/A	Not Available
Mean / Average	\$113,100.69	\$69,326.77	\$94,239.24	\$376,997.22

*** Also See Chart below



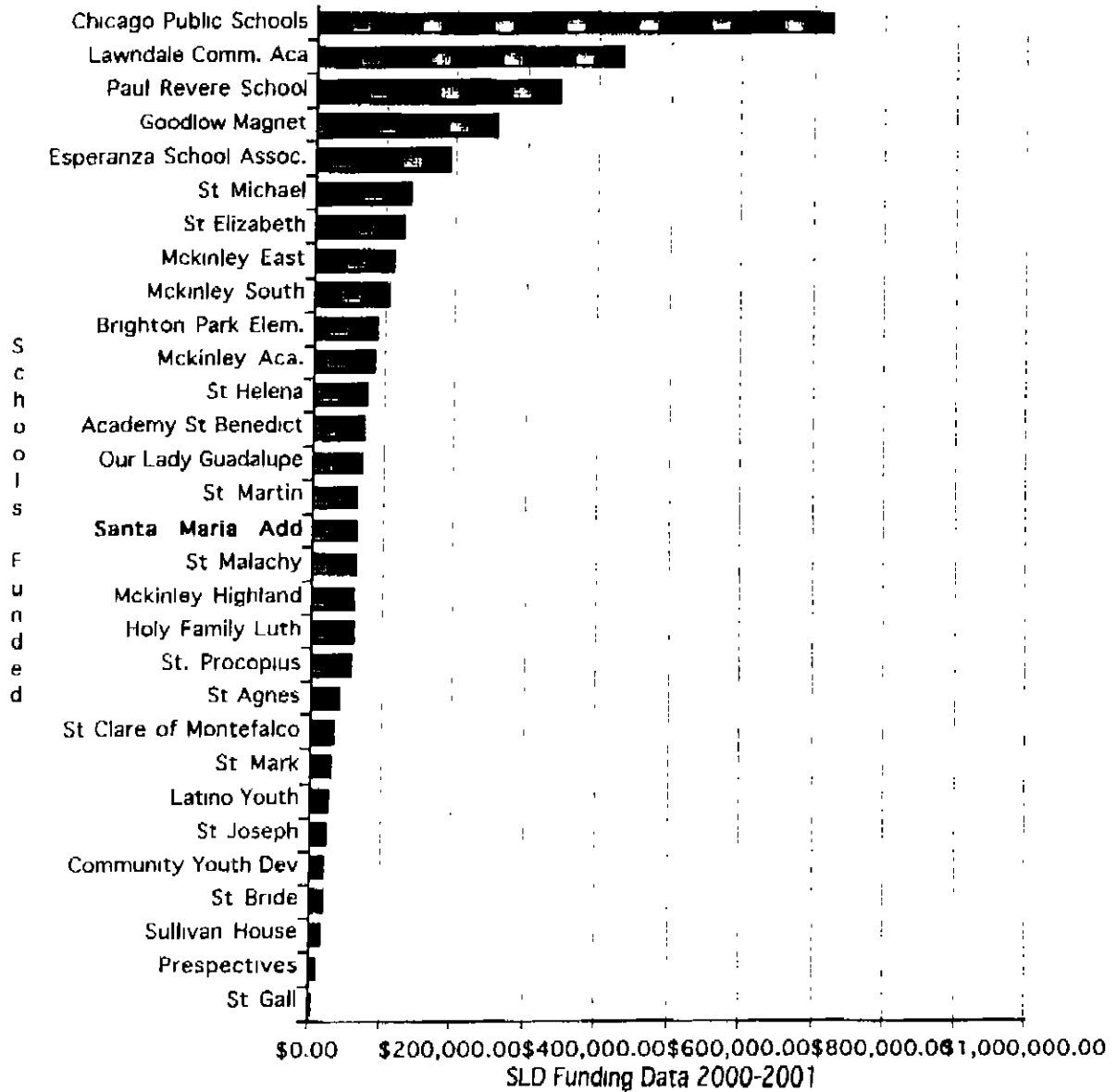
This funding data shows that Educational Computing Solutions is in fact the most cost efficient in the averages for all four categories funded (State, City of Chicago, Private/ Parochial Schools, and locally). The following are buildings of similar construction and or design which were funded in 2000-2001 through the E-rate program.

Holy Family Lutheran	\$58,776.59
Santa Maria Addolorata	\$62,205.77
Our Lady Guadalupe	\$67,837.50

St. Elizabeth \$124,954.20

Esperanza School \$189,573.30

Internal Connection City of Chicago



Finally, it is our understanding that there were several schools whom suffered a similar fate as Santa Maria Addolorata. The availability of qualified vendors participating in the E-rate program, and vendors whom were willing to bid on small schools. Santa Maria Addolorata posted it's 470 on the SLD's web site for over six (6) months and only received two response for internal connection. We are contending that to penalise a school for a lack of vendor participation is inherently unfair and unconscienceable.


Additionally, it is our hope to illustrate through the data provided that Educational Computing Solutions was in fact "... the most cost effective." In the event that the appeals committee and or the FCC needs additional data to substantiate our claim.* We would request the opportunity to file an amend appeal at which time we could provide the names of schools whom received one or no responses to their 470 applications for this funding year.

We trust this appeal has address any concerns and or issues raised in the auditors' report of June 4, 2003 and trust that the Funding Commitment Decision will be restored in full.

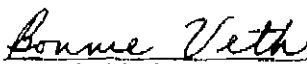
In closing, we would like to thank you for your time and consideration, if you require any additional information we can be reached at the enclose phone number and or address.

• Data not available at this time

Respectfully Submitted,



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